



COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION

EUROPEAN DEVELOPMENT FUND (EDF)

Estimate of commitments and payments and of contributions to be paid by the Member States for 2006 and 2007, and

Forecast of commitments and payments for 2008 to 2011

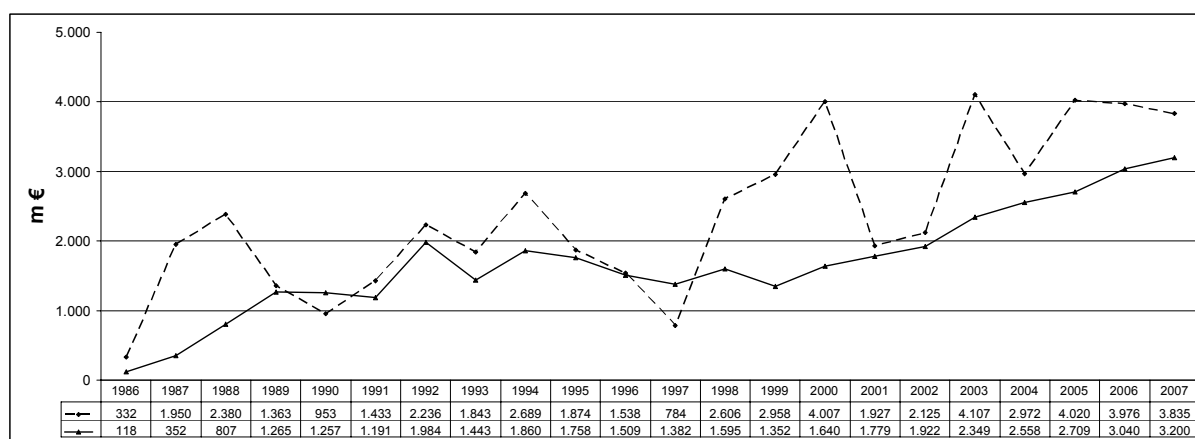
INTRODUCTION

The Commission draws up this communication to the Council each year in accordance with Article 8 of the Financial Regulation applicable to the 9th European Development Fund (EDF)¹. Its purpose is to provide an estimate of commitments and payments for the current financial year (2006) and the following financial year (2007) and set out the schedule of calls for contributions, taking into account the forecasts of the European Investment Bank (EIB). As provided for in Article 8 of the Financial Regulation, the communication also gives estimates of commitments and payments for each of the following four years (2008 to 2011).

Since the entry into force of the 9th EDF in 2003 the Member States have made direct contributions to the EIB for the instruments it manages (the Investment Facility and interest-rate subsidies), while contributions for the old instruments managed by the EIB (risk capital and interest-rate subsidies) still go through the Commission. This communication therefore makes a clear distinction between EIB payments under the 9th EDF, and Commission payments (including those for the old instruments managed by the EIB).

In line with the joint statement made by the Council and Commission when the Financial Regulation applicable to the 9th EDF was adopted, this document consists mainly of tables.

The graph below shows an overview of the trend in commitments and payments, made in the past and expected in the near future (Commission² and EIB). It clearly indicates the upwards structural trend in payments since 2000.



-- Commitments — Payments

¹ OJ L 83, 1.4.2003, p. 1.

² The commitments and payments for the Commission are “gross” figures, i.e. they do not take account of decommitments and recoveries.

1. COMMITMENTS AND PAYMENTS ESTIMATED FOR 2006 AND 2007

The Commission and the EIB have updated their forecasts of commitments and payments for 2006 and 2007 for each of the ACP³ countries and OCTs⁴. For the Commission, these figures are the result of a detailed estimate, project by project. Following its experience on the Investment Facility, the EIB bases its estimates on a projection of the rate of commitments and payments observed in the past.

The payment estimates in particular have been compiled with great care with the aim of helping the Member States to earmark amounts that are as accurate as possible in their national budgets while ensuring that sufficient financial resources are available for the EDF to avoid liquidity problems.

For the Commission, the overall estimates for 2006 and 2007, presented in June⁵, are confirmed. With commitments totalling EUR 3 400 million and payments EUR 2 750 million, the Commission believes it will be able to achieve its objectives for 2006. The level of commitments for 2007 (EUR 3 450 million) confirms the Commission's wish to use up all the funds made available by the 9th EDF (including the balances remaining from previous EDFs). With EUR 2 850 million in payments in 2007, the upward trend observed since 2000 is confirmed.

The EIB revised its estimates for 2006 very slightly downwards. The new figures for commitments and payments are EUR 576 million and EUR 290 million respectively. For 2007, commitments are put at EUR 385 million. The downward adjustment is greater for payments, which are now estimated at EUR 350 million.

The table in Annex 1 shows the new estimates for commitments and payments for 2006 and 2007, and compares them to the figures presented in the communication of June 2006.

In accordance with Article 8 of the Financial Regulation applicable to the 9th EDF, the estimates will be revised in the June 2007 communication.

2. CALLS FOR CONTRIBUTIONS IN 2006 AND 2007

Annex 2 gives an overview of the financial situation for 2006 and 2007 and shows the total contributions payable into the EDF by the Member States.

It should be recalled that two types of measures do not require additional financial resources from the Member States. The related payments are therefore not included in this table. These are the Stabex instrument, for which Member States have already made the necessary payments in the past, and measures financed from a special account to accompany the elections in the Democratic Republic of Congo.

³ African, Caribbean and Pacific States.

⁴ Overseas Countries and Territories.

⁵ Communication from the Commission to the Council: Financial information on the European Development Funds (COM(2006) 317 final of 19 June 2006).

Because the estimates for payments for **2006** have changed only slightly since June, the EIB and the Commission maintain their request for the third tranche of contributions at EUR 20 million and EUR 200 million respectively. Total contributions requested by the Commission and the EIB for the whole year are EUR 2 690 million, well within the amount indicated by the Council in December 2005⁶ (EUR 2 830 million). Annex 3 gives a breakdown of contributions by Member State.

For **2007**, the Commission calls on the Member States to pay a total of EUR 2 640 for the whole year. It proposes an initial tranche of EUR 1 500 million (compared with EUR 1 400 million in 2005). This is in line with the Commission objective to spread payments across the year more effectively and therefore decrease the payments made towards the end of the year. In line with its forecast downwards revision in payments, the EIB estimates a need for contributions totalling EUR 330 million, with EUR 130 million payable for the first tranche.

Current estimates from the Commission and the EIB for the second tranche of 2007 contributions are for EUR 850 million and EUR 160 million respectively. The last tranche should therefore require EUR 290 million and EUR 40 million respectively. In accordance with the 9th EDF Financial Regulation, the second and third tranches may be adjusted upwards or downwards in line with real requirements at the time of the call for contributions.

3. THE FUTURE (2008-2011)

It should be remembered that the margin of error for medium-term estimates is high. This is particularly true at the moment. In 2008, the 10th EDF will come into operation. At this stage, the programming of the 10th EDF has not even been established yet. The following figures should therefore be interpreted with a great deal of caution.

⁶ Council Decision of 21 December 2005 laying down, for the financial year 2006, the schedule of calls for contributions from the Member States to the 9th European Development Fund.

**Forecast EDF commitments and payments
2008-2011**

€ million

	2008	2009	2010	2011
Commitments				
Commission	2900	3750	3750	3750
EIB	587	450	450	450
Total	3487	4200	4200	4200
Payments				
Commission	3200	3000	3200	3400
EIB	430	560	460	410
Total	3630	3560	3660	3810

ANNEX 1

Commitments/Payments Estimated for 2006 and 2007 (€ million)

	2006		2007	
	Communication June 2006	Update	Communication June 2006	Update
COMMITMENTS				
Peace Facility	50	50	0	0
Water Facility	185	289	190	86
Other measures from the conditional billion	326	326	174	174
Stabex (interest on secured accounts)	10	10	10	10
Other	2.829	2.725	3.076	3.180
<i>Total for the Commission</i>	<i>3.400</i>	<i>3.400</i>	<i>3.450</i>	<i>3.450</i>
Investment Facility	526	526	295	295
Interest-rate subsidies	60	50	100	90
<i>Total for EIB instruments (9th EDF)</i>	<i>586</i>	<i>576</i>	<i>395</i>	<i>385</i>
TOTAL	3.986	3.976	3.845	3.835
PAYMENTS				
Peace Facility	124	124	12	12
Water Facility	44	69	89	107
Other measures from the conditional billion	60	60	188	183
Risk capital (+ interest-rate subsidies)	82	75	71	71
Debt relief (HIPC)	60	60	100	100
Other	2.297	2.262	2.300	2.234
<i>Subtotal</i>	<i>2.667</i>	<i>2.650</i>	<i>2.760</i>	<i>2.707</i>
Stabex	83	100	90	127
DR Congo	0	0	0	16
<i>Total for the Commission</i>	<i>2.750</i>	<i>2.750</i>	<i>2.850</i>	<i>2.850</i>
Investment Facility	270	250	330	300
Interest-rate subsidies	45	40	80	50
<i>Total for EIB instruments (9th EDF)</i>	<i>315</i>	<i>290</i>	<i>410</i>	<i>350</i>
TOTAL	3.065	3.040	3.260	3.200

ANNEX 2

Financial situation estimated for 2006 and 2007 – not including Stabex and the DR Congo special account(*) (€ million)

		Communication of June 2006			Update		
		Commission	EIB 9th EDF	TOTAL	Commission	EIB 9th EDF	TOTAL
2006	Balance at 01.01.06	137**	141	278	138**	142	280
	2005 contributions paid in 2006	14		14	14		14
	2006 contributions, of which:	2.510	180	2.690	2.510	180	2.690
	<i>First tranche</i>	1.400	60	1.460	1.400	60	1.460
	<i>Second tranche</i>	910	100	1.010	910	100	1.010
	<i>Third tranche</i>	200	20	220	200	20	220
	Interest and other revenue	10		10	12		12
	Recoveries	60		60	50		50
Payments	-2.667	-315	-2.982	-2.650	-290	-2.940	
Balance at 31.12.06	64	6	70	74	32	106	
2007	2007 contributions	2.690	410	3.100	2.640	330	2.970
	<i>First tranche</i>				1.500	130	1.630
	<i>Second tranche</i>				850	160	1.010
	<i>Third tranche</i>				290	40	330
	Interest and other revenue	10		10	12		12
	Recoveries	60		60	60		60
Payments	-2.760	-410	-3.170	-2.707	-350	-3.057	
Balance at 31.12.07	64	6	70	79	12	91	

* Funds available for operations

** Does not include EUR 1.4 million from 2006 contributions

ANNEX 3

2006 EDF Contributions by Member State (in euros)

Member State	SCALE %	1st tranche		2nd tranche		3rd tranche		TOTAL for all tranches
		paid to EIB	paid to Commission	paid to EIB	paid to Commission	payable to EIB	payable to Commission	
GERMANY	23,36	14.016.000	327.040.000	23.360.000	212.576.000	4.672.000	46.720.000	628.384.000
BELGIUM	3,92	2.352.000	54.880.000	3.920.000	35.672.000	784.000	7.840.000	105.448.000
DENMARK	2,14	1.284.000	29.960.000	2.140.000	19.474.000	428.000	4.280.000	57.566.000
SPAIN	5,84	3.504.000	81.760.000	5.840.000	53.144.000	1.168.000	11.680.000	157.096.000
FRANCE	24,30	14.580.000	340.200.000	24.300.000	221.130.000	4.860.000	48.600.000	653.670.000
GREECE	1,25	750.000	17.500.000	1.250.000	11.375.000	250.000	2.500.000	33.625.000
IRELAND	0,62	372.000	8.680.000	620.000	5.642.000	124.000	1.240.000	16.678.000
ITALY	12,54	7.524.000	175.560.000	12.540.000	114.114.000	2.508.000	25.080.000	337.326.000
LUXEMBOURG	0,29	174.000	4.060.000	290.000	2.639.000	58.000	580.000	7.801.000
NETHERLANDS	5,22	3.132.000	73.080.000	5.220.000	47.502.000	1.044.000	10.440.000	140.418.000
PORTUGAL	0,97	582.000	13.580.000	970.000	8.827.000	194.000	1.940.000	26.093.000
UNITED KINGDOM	12,69	7.614.000	177.660.000	12.690.000	115.479.000	2.538.000	25.380.000	341.361.000
AUSTRIA	2,65	1.590.000	37.100.000	2.650.000	24.115.000	530.000	5.300.000	71.285.000
FINLAND	1,48	888.000	20.720.000	1.480.000	13.468.000	296.000	2.960.000	39.812.000
SWEDEN	2,73	1.638.000	38.220.000	2.730.000	24.843.000	546.000	5.460.000	73.437.000
TOTAL	100,00	60.000.000	1.400.000.000	100.000.000	910.000.000	20.000.000	200.000.000	2.690.000.000

ANNEX 4

2007 EDF Contributions by Member State (in euros)

Member State	SCALE %	1st tranche		2nd tranche		3rd tranche		TOTAL for all tranches
		payable to EIB	payable to Commission	payable to EIB	payable to Commission	payable to EIB	payable to Commission	
GERMANY	23,36	30.368.000	350.400.000	37.376.000	198.560.000	9.344.000	67.744.000	693.792.000
BELGIUM	3,92	5.096.000	58.800.000	6.272.000	33.320.000	1.568.000	11.368.000	116.424.000
DENMARK	2,14	2.782.000	32.100.000	3.424.000	18.190.000	856.000	6.206.000	63.558.000
SPAIN	5,84	7.592.000	87.600.000	9.344.000	49.640.000	2.336.000	16.936.000	173.448.000
FRANCE	24,30	31.590.000	364.500.000	38.880.000	206.550.000	9.720.000	70.470.000	721.710.000
GREECE	1,25	1.625.000	18.750.000	2.000.000	10.625.000	500.000	3.625.000	37.125.000
IRELAND	0,62	806.000	9.300.000	992.000	5.270.000	248.000	1.798.000	18.414.000
ITALY	12,54	16.302.000	188.100.000	20.064.000	106.590.000	5.016.000	36.366.000	372.438.000
LUXEMBOURG	0,29	377.000	4.350.000	464.000	2.465.000	116.000	841.000	8.613.000
NETHERLANDS	5,22	6.786.000	78.300.000	8.352.000	44.370.000	2.088.000	15.138.000	155.034.000
PORTUGAL	0,97	1.261.000	14.550.000	1.552.000	8.245.000	388.000	2.813.000	28.809.000
UNITED KINGDOM	12,69	16.497.000	190.350.000	20.304.000	107.865.000	5.076.000	36.801.000	376.893.000
AUSTRIA	2,65	3.445.000	39.750.000	4.240.000	22.525.000	1.060.000	7.685.000	78.705.000
FINLAND	1,48	1.924.000	22.200.000	2.368.000	12.580.000	592.000	4.292.000	43.956.000
SWEDEN	2,73	3.549.000	40.950.000	4.368.000	23.205.000	1.092.000	7.917.000	81.081.000
TOTAL	100,00	130.000.000	1.500.000.000	160.000.000	850.000.000	40.000.000	290.000.000	2.970.000.000